



Presentation to the 2011 Health and Human Services Joint Appropriation Subcommittee

BUSINESS AND FINANCIAL SERVICES DIVISION

Operations Services Branch
Department of Public Health and Human Services

Reference:

Legislative Fiscal Division Budget Analysis, Volume 4 Section B, Page B120 – B124

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OVERVIEW

The Business & Financial Services Division (BFSD) provides professional accounting, budgeting and business services critical to delivery of department services. Every Montanan receives or knows someone who has connection to BFSD. You or your neighbor could:

- operate a small business receiving payments for goods and services provided to DPHHS and/or our clients through our purchasing and accounts payable functions,
- receive their paycheck through the tireless efforts of our payroll department, or
- put food on their table using child support, supplemental assistance or temporary assistance for needy families funds, supported by the federal grant management services provided by BFSD.

These are just a few of the hundreds of ways BFSD assists DPHHS programs in delivering the services which help all Montanans.

Over 60,000 business and individuals across Montana received in excess of 700,000 payments from DPHHS in SFY 2010. These benefit assistance, service contract, and supply payments are delivered to the right people, in the right amount at the right time due to the business processes managed or overseen by BFSD.

SUMMARY OF MAJOR FUNCTIONS

DPHHS programs infused over 1.6 billion dollars into local communities across Montana. For less than 1/2 of each penny DPHHS spends supporting Montanans, BFSB provides the following services:

Medical Billing –Twenty-five to thirty million dollars annually are billed and recovered annually by the Facility Reimbursement Section. Dedicated and caring financial investigators work one-on-one with over 1,500 Montana's annually to understand their personal insurance and financial information. Medical billers use the gathered information to maximize recovery from insurance companies, Medicare, Medicaid and private individuals for medical costs incurred at the five department facilities.

Grant Accounting – Over 1.2 billion dollars in federal funds were recovered from federal granting agencies in SFY 2010. Financial reporting staff persons ensure transparent and proper reporting for over 194 unique federal funding sources and 30 state special accounts. These accountants monitor the financial activities in the funds, complete financial schedules and reports, perform in-depth financial analysis, and request reimbursement from federal grantors.

Payment Processing – Over 60,000 businesses and individuals across Montana received in excess of 170,000 payments from DPHHS in SFY 2010. Accounting technicians monitor vendor and payment information to help ensure taxpayer dollars are managed responsibly.

Accounts Receivable/Cash Collections – In excess of 52 million dollars were collected in SFY 2010 directly reducing the cost of DPHHS programs. By overseeing the department wide accounts receivable system and processing over 71,064 checks annually the Accounts Receivable unit helps minimize the cost of DPHHS services for all Montana taxpayers.

Revenue Maximization – 52.5 million dollars in SFY 2010 were recovered from the federal government as a result of effective indirect cost strategies and efficient administration of DPHHS's Public Assistance Cost Allocation Plan. The cost accounting section establishes and maintains the departments accounting structure while aggressively promoting the maximization of federal cost recovery.

Payroll/Employee Benefits – Over 3021 Montanans receive their paychecks due to the dedication and accuracy of the payroll section.

Business Functions - DPHHS programs can more effectively deliver services across Montana due to the efficient administration of the departments central mail room, purchasing functions, lease management and financial management oversight.

HIGHLIGHTS AND ACCOMPLISHMENTS DURING THE 2011 BIENNIUM:

Montana's general fund revenue increased by 4 million dollars in SFY 2010

The cost of caring for some of Montana's most vulnerable citizens was reduced by over 29 million dollars in SFY 2010 due to the efforts of the Facility Reimbursement Section. In addition to their ongoing cost recovery efforts, which generate approximately 25 million dollars per year, in 2010 the Facility Reimbursement Section modified billing practices speeding up the recovery of Medicare and Medicaid collections by 30 to 60 days.

The table below lists the reimbursements recovered annually by DPHHS facility:

| Facility | 2008 Total | 2009 Total | 2010 Total |
|--|------------------------|------------------------|------------------------|
| Montana Developmental Center | (9,224,076.07) | (9,647,747.36) | (10,145,777.49) |
| Montana Mental Health Nursing Care Center | (3,603,785.53) | (3,910,155.69) | (4,383,388.14) |
| Montana Veteran's Home | (4,737,482.75) | (4,971,372.75) | (4,634,173.02) |
| Montana State Hospital | (9,003,703.35) | (6,689,204.04) | (10,118,254.56) |
| Montana Chemical Dependency Center | (93,880.03) | (130,212.03) | (122,781.57) |
| Total Revenue Recognized by State Fiscal Year | (26,662,927.73) | (25,348,691.87) | (29,404,374.78) |

Responsible use of taxpayer dollars

BFSD employees strive to continually improve internal controls over financial processes. These efforts help ensure that taxpayer dollars are spent responsibly and on the programs entrusted to us by the legislature. The biennial Financial Compliance Audit is an external measurement of the reliability of DPHHS's financial records and compliance with state and Federal regulations. The 2008-2009 DPHHS Financial Compliance Audit contained 14 recommendations, the fewest number of recommendations received by DPHHS since its creation in 1997.

Operational Efficiencies

BFSD staff effectively administered the accounting processes and maintained the financial records for an additional 33 grants, 80 financial reports and 180 million dollars annually due to the American Recovery and Reinvestment act with the addition of only one FTE. By reorganizing the division, reassigning duties and maximizing the efficiency of every unit, the amazing and dedicated staff of BFSD have handled the increased responsibilities of the last two years with a commitment and dedication that all Montanans would be proud of.

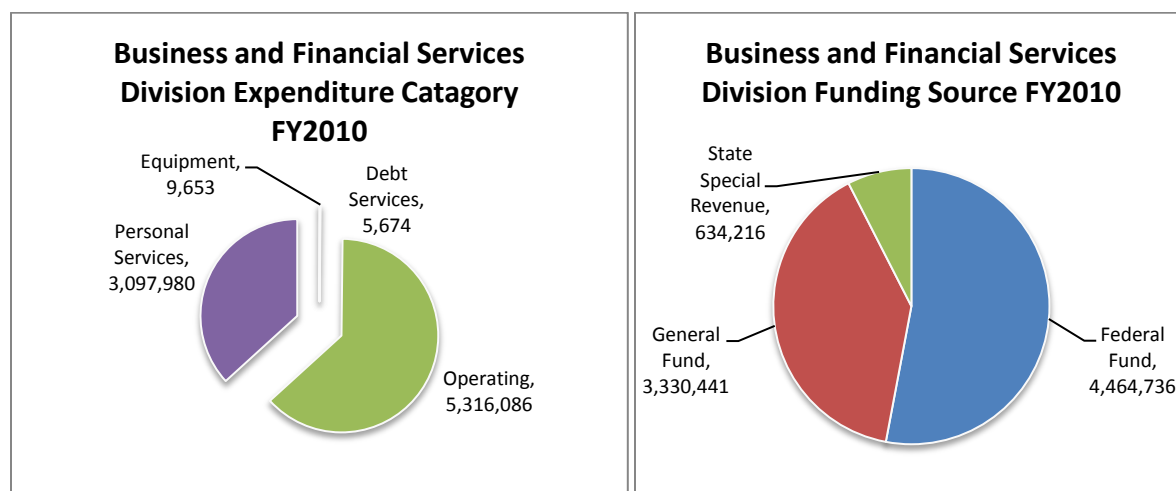
2013 BIENNIUM GOALS AND OBJECTIVES

| Department of Public Health and Human Services Business and Financial Services Division | |
|--|--|
| Goals and Objectives for the 2013 Biennium Submitted September 1, 2010 | |
| Goal: Continuous Improvement in the Department's Internal Control Environment by: <ul style="list-style-type: none">• Maintaining an internal control environment that promotes efficient and documented compliance with applicable laws and regulations.• Encouraging business processes that enhance the effectiveness and efficiency of department operations. | |
| Objective | Measures |
| Continually work to maintain an effective fiscal control environment in the Department by completing an annual risk assessment of major financial processes in the Department and conducting mitigation activities on 100% of identified high risk components. | <ul style="list-style-type: none">• The objective is measured by identification of major financial processes at the beginning of the 2011 biennium, and conducting a risk assessment and mitigation process each year; the objective is met when 100% of identified, major financial processes are assessed and mitigation activities are completed. |

FUNDING AND FTE INFORMATION

| Division Name | 2010 | FY 2012 | FY 2013 |
|--------------------|---------------------|------------------|------------------|
| | Actual Expenditures | Request | Request |
| FTE | 66.50 | 66.50 | 66.50 |
| Personal Services | 3,097,980 | 3,466,216 | 3,463,919 |
| Operating | 5,316,086 | 5,757,225 | 5,477,367 |
| Equipment | 9,653 | 9,653 | 9,653 |
| Grants | 0 | 0 | 0 |
| Benefits & Claims | 0 | 0 | 0 |
| Debt Services | 5,674 | 5,674 | 5,674 |
| Total Request | 8,429,393 | 9,238,768 | 8,956,613 |
| General Fund | 3,330,441 | 3,667,845 | 3,532,965 |
| State Special Fund | 634,216 | 676,856 | 673,773 |
| Federal Fund | 4,464,736 | 4,897,067 | 4,749,875 |
| Total Request | 8,429,393 | 9,241,768 | 8,956,613 |

THE FOLLOWING FIGURES PROVIDE FUNDING AND EXPENDITURE INFORMATION FOR FY 2010 FOR BUSINESS AND FINANCIAL SERVICES DIVISION



DECISION PACKAGES (SEE LFD BUDGET ANALYSIS, PAGE B-124)

PL6003 – Internal Controls Contract Annualization

- This request provides for \$70,000 in contracted services funds for the Business and Financial Services Division to provide additional assistance in enhancing the department's internal control structure.
- These funds were appropriated by the 2009 Legislature for FY2011. Funding for this decision package is \$27,331 general fund, \$10,606 state special revenue, and \$32,063 federal funds each year of the biennium.

| Fiscal Year | General Fund | State Special | Federal Funds | Total Request |
|--------------------|---------------------|----------------------|----------------------|----------------------|
| FY 2012 | \$27,331 | \$10,606 | \$32,063 | \$70,000 |
| FY2013 | \$27,331 | \$10,606 | \$32,063 | \$70,000 |
| Biennium Total | \$54,662 | \$21,212 | \$64,126 | \$140,000 |

PL 55140 – 17-7-140 Operations Reduction

- This decision package reduces the general fund base budget by \$25,031 each year of the biennium for the Business and Financial Services Division.
- This amount annualizes and makes permanent the 17-7-140, MCA, 5% budget reduction put in place in the 2011 biennium. The division will make operations reductions in the areas of travel, conferences, supplies, newspaper ads, cell phone use, postage, and contracting.

| Fiscal Year | General Fund | State Special | Federal Funds | Total Request |
|--------------------|---------------------|----------------------|----------------------|----------------------|
| FY 2012 | \$-25,031 | \$ | \$ | \$-25,031 |
| FY2013 | \$-25,031 | \$ | \$ | \$-25,031 |
| Biennium Total | \$-50,062 | \$ | \$ | \$-50,062 |

LEGISLATION

The Division has no pending or requested legislation.